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INCOMING TELEGRAM

Department of State

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Action

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FROM: Brussels

TO: Secretary of State

NO: [illegible], August 8

Following translation of statement on foreign policy made by Prime Minister in Parliament today:

"Until today circumstances have prevented government from making an important declaration to Parliament concerning international policy. Government has been confronted with problem posed by evaluation of international situation and by consequences which it implies for Belgium.

As signatory of Five Power Pact and of NAT Belgium is jointly responsible with the democratic nations for the organization of their security and realizes perfectly all consequences of its engagement.

Situated at the heart of Western Europe, Belgium is aware that this solidarity is surest guaranty of her own defense.

That is why responding without hesitation to decisions taken July 28 by Committee of Deputies at London and August 3 by Consultative Committee of Brussels Pact at The Hague, Belgian Government has declared itself ready to bring the most complete support to the common defense within its international obligations.

"Overall Belgian defense budget for 1950 was 8 1/2 billion francs of which 2 1/2 billion were for extraordinary expenses of equipment and 6 billion for expenses called ordinary.

"Government has decided to increase materially total effort devoted to military defense. It will propose increase of about 5 billion francs for period terminating at end of 1951.

"For this purpose government must plan a modification of [illegible] of important works planned in extraordinary budget which should now in every possible way be oriented [illegible] defense.

"Likewise

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-2-#212, August 8, from Brussels

"Likewise putting into effect of policy of production of means of defense in framework of European economy will give to available manpower occasion to reintegrate itself in the field of industrial production.

"Safeguarding of democracies indeed require of these mobilization of all their available economic resources for an effort of joint production.

"In present situation there can be no other limits to production of armaments of the NAP nations than the physical limitation imposed by the possibility of recruiting, training and maintaining the qualified manpower necessary and the economic limitation caused by necessity of maintaining a reasonable level of consumption and an indispensable rhythm of investment.

"Due to collective collaboration of the peoples we can consider that the financial and monetary limitations will not constitute an obstacle to the development of the entire production potential available for the safety of civilization and maintenance of peace.

"Belgium now has available considerable excess productive capacity which could be brought up to 20 billion Belgian francs annually independent of possibilities offered by the Belgian Congo.

"Belgium is ready to put this capacity at disposition of signatory powers of Brussels Pact and of the NAP contingent on the adequate formulation of a system of international regulations.

"This decision which will certainly be approved by Parliament implies and, we cannot pretend otherwise, the necessity of readapting our economic and financial policy.

"We do not doubt that the country will understand that the importance and urgency of these duties carries with them new obligations.

"This policy should place the very greatest emphasis on the requirements of European security while devoting our best attention to economic stability and the social progress of the country.

"The Belgian Government believes that, in order that its effort achieve its full meaning and usefulness, it must comply on the assurance that the plans and the defense program will cover in an effective manner the security of

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Western Europe, and that its effort must be placed within the framework of an active collaboration of all the nations who seek liberty.

"The government is convinced by measures which animates them. The Belgian people will find in this a consolation for their efforts.

"Government will propose to Parliament as soon as possible the legislative and budgetary modifications which the above declaration calls for, but has considered it its duty to take the occasion of the first session of Parliament to inform representatives of the nation of the situation and to express the hope that it will be sustained in its work for the defense of peace."

Text follows by pouch.

MURPHY

EFC:LWH